Meidi (M) Sdn Bhd v Meidi-Ya Co Ltd, Japan & Anor

COURT OF APPEAL (PUTRAJAYA) — CIVIL APPEAL NO W-02–563 OF 1998
RICHARD MALANJUM, HASHIM YUSOFF AND TENGKU BAHARUDIN SHAH JJCA
23 OCTOBER 2007

Trade Marks — Passing off — Elements of — Goodwill, nature and scope of — Whether goodwill territorial in scope

Trade Marks — Registration — Application for registration of trade mark — Applicant merely imported of goods — Whether entitled as of right to claim ownership of trade mark and trade name

Trade Marks — Registration — First user — Whether fact that trade mark used outside place of registration relevant consideration — Whether trade mark law territorial in scope

The first plaintiff was a company established in Japan since 1885 and involved in, inter alia, the manufacturing and sale of food products such as biscuits, cakes and pastries. The second plaintiff was the subsidiary of the first plaintiff and incorporated in Malaysia on 23 November 1987. The first defendant was a company established in Kuala Lumpur and engaged in, inter alia, the manufacture, sale and distribution of bread, cakes and other confectionaries since 1986. The first defendant used the trademark 'Meidi-ya FRESH BAKERY' together with the logo of stalks of wheat being blown in the wind on its goods. On 8 December 1986, the first defendant filed an application (exh D47) with the Registrar of Trade Marks Malaysia ('the Registrar') for the registration under class of a trademark and trade name 'Meidy-ya FRESH BAKERY' together with the logo as described. On 24 November 1987 and 11 December 1987 the second plaintiff filed several of its applications under different classes with the Registrar for the registration as its own a trademark 'MEIDA-YA', but without the stalks of wheat, in romanised alphabets as well as in Kanji characters. Except for one application (exh P17), the trademark for the others were identical. Exhibit P17 however concerned the trademark 'MEIDI-YA FRESH BAKERY' — the letters were all in capitals with the words 'FRESH BAKERY' added in but without the stalks of wheat being blown in the wind as in the first defendant's application. In terms of time, the first defendant's

application ranked first. On directions by the Registrar, an action was filed in the High Court for the determination of competing rights. In the action, the plaintiffs inserted a claim for passing off against the first defendant. The first defendant counterclaimed against the plaintiffs on the same basis. The gist of the High Court's decision was to allow the registration of D47 as the first defendant's trademark and trade name, but with the prohibition on the first defendant's use of the word or mark '-Ya' after the word 'Meidi'. The addition of the words 'FRESH BAKERY' together with the logo/design depicting stalks of wheat being blown in the wind was also allowed. Further, the second plaintiff's registration of exh P17 as its own trademark and trade name with the proposed the words 'MEIDI-YA FRESH BAKERY' was not allowed. No ruling was made on the passing off claims. The first defendant appealed and the plaintiffs cross-appealed.

Held, allowing the first defendant's appeal against the part prohibition of D47 and affirming the High Court's decision in disallowing the second plaintiff's registration of P17:

(1) Although the High Court judge found that the first plaintiff was a long user of the Meidi-ya trademark and trade name together with the distinctive logo in the form of Kanji characters in Japan and other parts of the world, he did not make any specific finding on the usage of the trademark and trade name in Malaysia on or before 1986 although he had the advantage of hearing the various oral testimonies of witnesses called by both sides in addition to the documentary evidence produced before him. Hence, the logical and reasonable conclusion was that the High Court judge was not convinced with and declined to accept any of the evidence on the usage of the trademark and trade name by the first plaintiff in Malaysia on or before 1986. There was therefore no finding of first user of the trademark and trade name by the plaintiffs in Malaysia on or before 8 December 1986. The plaintiffs had not made out their case on the standard of proof required. The fact that the trademark and trade name was used in Japan and in other parts of the world was immaterial since 'trademark law is very territorial in many aspects' (see paras 36–39 & 42); *Lim Yew Sing v Hummel International Sports & Leisure A/S* [1996] 3 MLJ 7 followed.

(2) Since the second plaintiff failed to prove first user, motive was an irrelevant consideration to determine who had the right to apply for the ownership of the trademark and trade name in Malaysia (see *Lim Yew Sing v Hummel International Sports & Leisure A/S* [1996] 3 MLJ 7 referred). The second plaintiff was only incorporated on 23 November 1987 which means that it was not even in existence when the first defendant began to use its trademark and trade name in late 1986.

Further, it was not in contention that the second plaintiff was just the subsidiary of the first plaintiff. At best the second plaintiff would have been just an importer of the goods of the first plaintiff thereby depriving it of the right per se to claim ownership of the trademark and trade name (see *Hai-O Enterprise Bhd v Nguang Chan @ Nguang Chan (a firm, intervening)* [1992] 4 CLJ 1985 referred). There was therefore no basis to deprive the first defendant of its right to apply to have its trade mark and trade name as reproduced in its application — exh D47 — it being the first user of such trademark and trade name in Malaysia (see paras 44–47).

(3) The tort of passing off is 'the civil wrong of attempting to mislead the public into thinking that the defendant's product is in fact a product of the plaintiff. But by itself, this is of no advantage unless the plaintiff's product enjoys a goodwill that the defendants may benefit from the passing off' (see *Yunnan Baiyao Group Co Ltd (formerly known as Yunnan Baiyao Industrial Co Ltd) v Tong Jum Chew Pte Ltd & Anor* [2003] 1 SLR 62 referred). The tort of passing off protects the goodwill of the business in which the trademark or trade name is used and not the trademark or trade name itself. *Star Industrial Company Ltd v Yap Kwee Kor* (1976) FSR 256 (PC) referred. The tort is grounded on the following elements: (i) goodwill or business belonging to the plaintiff; (ii) a misrepresentation by the defendants in the course of trade to either prospective or ultimate customers; and (iii) damage has resulted or that the likelihood of damage will arise as a result (see paras 54–56); *Nation Fittings (M) Sdn Bhd v Oystertec Plc and Another Suit* [2005] SGHC 225 [2006] 1 SLR 712 followed; *Reckitt & Colman Products Ltd v Borden Inc* [1990] 1 WLR 491 and *Erven Warnink Besloten Vennootschap v J Townend & Sons (Hull) Ltd* [1979] AC 731 referred.

(4) In the instant case, the plaintiffs had difficulty in establishing even the first element of passing off. This was because in Malaysia the plaintiffs were not the first user of the trademark and trade name in issue at the material time. The plaintiffs also failed to show goodwill of their business product in Malaysia at the material time — goodwill being territorial in scope. Further, goodwill acquired by a product internationally need not necessarily contribute to its goodwill existing in a particular territory where the claim of passing off is made (see *Future Enterprise Pte Ltd v Tong Seng Produce Pte Ltd* [1998] 1 SLR 1012 and *Anheuser Busch Inc v Budejovicky Budvar NP* [1984] FSR 413 referred). The plaintiffs could not also show 'distinctiveness' — which in relation to a name or mark denotes the goods of the plaintiffs to the exclusion of other traders — since there can be no distinctiveness without business and there was no evidence adduced that at the material date the first plaintiff was doing business in Malaysia using the trademark or trade name in issue (see paras 59–60, 68 & 71).

(5) The plaintiffs did not also adduce sufficient evidence to establish the element of misrepresentation. With regard to the element of damage or likelihood of damage, since the plaintiffs could not even establish the first two elements of passing off there was no necessity to deal with the third element of passing off (see paras 77–78).

(6) The first defendant also failed to establish its claim for passing off against the plaintiffs (see para 82).

[Bahasa Malaysia summary

Plaintif pertama adalah sebuah syarikat yang ditubuhkan di Jepun sejak 1885 dan terlibat, antara lain, dalam pembuatan dan jualan produk makanan seperti biskut, kek dan pastri. Plaintif kedua merupakan subsidiari plaintif pertama dan ditubuhkan di Malaysia pada 23 November 1987. Defendan pertama adalah sebuah syarikat yang ditubuhkan di Kuala Lumpur dan terlibat, antara lain, dalam membuat, menjual dan mengedar roti, kek dan manisan lain sejak 1986. Defendan pertama telah menggunakn cap dagang 'Meidi-ya FRESH BAKERY' bersama dengan logo batang gandum ditiup angin pada barangannya. Pada 8 Disember 1986, defendan pertama telah memfailkan satu permohonan (eksh D47) di Pejabat Daftar Cap Dagang Malaysia ('Pendaftar') untuk pendaftaran di bawah kelas tanda dagangan dan tanda nama 'Meidy-ya FRESH BAKERY' bersama dengan logo yang digambarkan. Pada 24 November 1987 dan 11 Disember 1987 plaintif kedua telah memfailkan beberapa daripada permohonannya di bawah kelas berbeza dengan Pendaftar untuk pendaftaran cap dagangnya sendiri 'MEIDA-YA' tetapi tanpa batang gandum tersebut, dalam huruf Rumi dan juga dalam huruf Kanji. Kecuali satu permohonan (eksh P17) tanda dagangan untuk yang lain-lain adalah serupa. Ekshibit P17 bagaimanapun berkaitan tanda dagangan 'MEIDI-YA FRESH BAKERY' — kesemua huruf adalah berhuruf besar dengan perkataan-perkataan 'FRESH BAKERY' ditambah tanpa batang gandum yang ditiup angin dalam permohonan defendan pertama. Berhubung masa, permohonan defendan pertama adalah di tempat pertama. Atas arahan Pendaftar, satu tindakan telah difailkan di Mahkamah Tinggi untuk penentuan hak-hak bersaing. Dalam tindakan tersebut, plaintif memasukkan satu tuntutan untuk kelirupaan terhadap defendan pertama. Defendan pertama telah menuntut balas terhadap plaintif-plaintif atas asas yang sama. Inti pati keputusan Mahkamah Tinggi adalah untuk membenarkan pendaftaran D47 sebagai tanda dagangan dan tanda nama defendan, tetapi dengan larangan ke atas defendan pertama daripada menggunakan perkataan atau tanda '-Ya' selepas perkataan 'Meidi'. Tambahan perkataan-perkataan 'FRESH BAKERY' bersama dengan logo/corak yang menunjukkan batang gandum ditiup angin juga dibenarkan. Tambahan pula, pendaftaran plaintif kedua terhadap eksh P17 sebagai tanda dagangan dan tanda namanya sendiri dengan cadangan perkataan-perkataan

A 'MEIDI-YA FRESH BAKERY' tidak dibenarkan. Tiada keputusan dibuat tentang tuntutan-tuntutan kelirupaan tersebut. Defendan pertama telah merayu dan plaintif-plaintif telah mengemukakan rayuan balas.

B

Diputuskan, membenarkan rayuan defendan pertama terhadap sebahagian daripada larangan D47 dan mengesahkan keputusan Mahkamah Tinggi tidak membenarkan pendaftaran P17 oleh plaintif kedua:

C (1) Walaupun hakim Mahkamah Tinggi mendapati bahawa plaintif pertama merupakan pengguna lama tanda dagangan Meida-ya dan tanda nama bersama dengan logo tersendiri dalam bentuk huruf-huruf Kanji di Jepun dan bahagian lain di dunia, beliau tidak membuat sebarang penemuan spesifik tentang penggunaan tanda dagangan dan
D tanda nama di Malaysia pada atau sebelum 1986 meskipun beliau mempunyai kelebihan mendengar pelbagai testimoni lisan saksi-saksi yang dipanggil oleh kedua-dua pihak selain daripada keterangan dokumentar yang dikemukakan di hadapannya. Justeru itu, kesimpulan logikal dan munasabah adalah bahawa hakim Mahkamah Tinggi tidak
E yakin dan enggan menerima sebarang keterangan tentang penggunaan tanda dagangan dan tanda nama oleh plaintif pertama di Malaysia pada atau sebelum 1986. Tiada sebarang penemuan tentang pengguna pertama tanda dagangan dan tanda nama oleh plaintif-plaintif di Malaysia pada atau sebelum 1986. Plaintif-plaintif tidak
F membuktikan kes mereka atas piawai bukti yang dikehendaki. Hakikat bahawa tanda dagangan dan tanda nama tersebut digunakan di Jepun dan di bahagian lain dunia tidak penting memandangkan 'trademark law is very territorial in many aspects' (lihat perenggan 36–39 & 42); *Lim Yew Sing v Hummel International Sports & Leisure A/S* [1996] 3 MLJ 7 diikut.

G (2) Memandangkan plaintif kedua telah gagal untuk membuktikan pengguna pertama, motif adalah balasan yang tidak relevan untuk menentukan siapa mempunyai hak untuk memohon pemilikan tanda dagangan dan tanda nama di Malaysia. Lihat *Lim Yew Sing v Hummel*
H *International Sports & Leisure A/S* [1996] 3 MLJ 7 dirujuk. Plaintif kedua hanya ditubuhkan pada 23 November 1987 yang bermakna bahawa ia tidak wujud lagi semasa defendan pertama mula menggunakan tanda dagangan dan tanda namanya di akhir tahun 1986. Bahkan, ia tidak dihujahkan bahawa plaintif kedua hanya
I merupakan subsidiari plaintif pertama. Lebih-lebihpun plaintif kedua hanyalah pengimport barangan plaintif pertama yang oleh itu menafikan hak per se untuk menuntut pemilikan tanda dagangan dan tanda nama tersebut (lihat *Hai-O Enterprise Bhd v Nguang Chan @ Nguang Chan (a firm, intervening)* [1992] 4 CLJ 1985 dirujuk). Oleh

demikian tiada asas untuk menafikan defendan pertama haknya untuk memohon tanda dagangan dan tanda namanya dinyatakan semula dalam permohonannya — eksh D47 — ianya sebagai pengguna pertama tanda dagangan dan tanda nama tersebut di Malaysia (lihat perenggan 44–47).

(3) Tort berhubung kelirupaan adalah 'the civil wrong of attempting to mislead the public into thinking that the defendant's product is in fact a product of the plaintiff. But by itself, this is of no advantage unless the plaintiff's product enjoys a goodwill that the defendants may benefit from the passing off' (lihat *Yunnan Baiyao Group Co Ltd (formerly known as Yunnan Baiyao Industrial Co Ltd) v Tong Jum Chew Pte Ltd & Anor* [2003] 1 SLR 62 dirujuk). Tort berhubung kelirupaan melindungi nama baik perniagaan yang mana tanda dagangan atau cap nama digunakan dan bukan tanda dagangan atau tanda namanya sendiri (lihat *Star Industrial Com Ltd v Yap Kwee Kor* [1976] FSR 256 (PC) dirujuk. Tort tersebut berdasarkan elemen-elemen berikut: (i) nama baik atau perniagaan milik plaintif; (ii) gambaran salah oleh defendan-defendan semasa berdagang kepada bakal pelanggan atau pelanggan terakhir; dan (iii) kerugiaan telah mengakibatkan atau bahawa kebarangkalian kerugian akan berlaku akibat daripada itu (lihat perenggan 54–56); *Nation Fittings (M) Sdn Bhd v Oystertec Plc and Another Suit* [2005] SGHC 225 [2006] 1 SLR 712 diikut; *Reckitt & Colman Products Ltd v Borden Inc* [1990] 1 WLR 491 dan *Erven Warnink Besloten Vennootschap v J Townend & Sons (Hull) Ltd* [1979] AC 731 dirujuk.

(4) Dalam kes semasa, plaintif-plaintif mempunyai kesukaran membuktikan elemen pertama kelirupaan itu lagi. Ini adalah kerana di Malaysia plaintif-plaintif bukan pengguna pertama tanda dagangan dan tanda nama yang dipersoalkan pada masa matan. Plaintif-plaintif juga gagal menunjukkan nama baik perniagaan produk mereka di Malaysia pada masa matan — di mana nama baik mempunyai skop mengikut wilayah Bahkan, nama baik yang diperoleh oleh suatu produk secara antarabangsa tidak semestinya menyumbang kepada nama baiknya yang sedia ada wujud dalam wilayah tertentu di mana tuntutan kelirupaan dibuat (lihat *Future Enterprise Pte Ltd v Tong Seng Produce Pte Ltd* [1998] 1 SLR 1012 dan *Anheuser Busch Inc v Budejovicky Budvar NP* [1984] FSR 413 dirujuk. Plaintif-plaintif juga tidak dapat menunjukkan 'distinctiveness' — berkaitan nama atau tanda yang menandakan barangan plaintif-plaintif sehingga mengenepikan pedagang lain — memandangkan tidak mungkin ada sifat tersendiri tanpa perniagaan dan tiada keterangan yang dikemukakan bahawa pada tarikh material terebut plaintif pertama sedang berniaga di Malaysia menggunakan tanda dagangan atau tanda nama yang dipersoalkan (lihat perenggan 59–60, 68 & 71).

A (5) Plaintif-plaintif juga tidak mengemukakan keterangan yang mencukupi untuk membuktikan elemen gambaran yang salah. Berhubung elemen kerugian atau kebarangkalian berlaku kerugian, memandangkan plaintif-plaintif tidak boleh membuktikan dua elemen yang pertama kelirupaan maka tiada keperluan membincangkan tentang elemen
B ketiga berkaitan kelirupaan (lihat perenggan 77–78).

(6) Defendan pertama juga gagal membuktikan tuntutannya untuk kelirupaan terhadap plaintif-plaintif (lihat perenggan 82).]

C **Notes**

For cases on elements of passing off, see 12 *Mallal's Digest* (4th Ed, 2005 Reissue) paras 2067–2075.

For cases on registration of first user generally, see 12 *Mallal's Digest* (4th Ed, 2005 Reissue) paras 2165–2185.

D **Cases referred to**

AG Spalding & Bros v AW Gamage Ltd (1915) 32 RPC 237 (refd)

Ancona Printing Ltd v Kwik-Kopy Corp [1973] CPR (2d) 122 (refd)

Anheuser Busch Inc v Budejovicky Budvar NP [1984] FSR 413 (refd)
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Cadbury Schweppes Pty Ltd & Ors v Pub Squash Co Pty Ltd [1981] 1 All ER 213 (refd)

Compagnie General Des Eaux v Compagnie Generale Des Eaux Sdn Bhd [1993] 1 MLJ 55 (refd)

F *Dun & Bradstreet (Singapore) Pte Ltd & Anor v Dun & Bradstreet (Malaysia) Sdn Bhd* [1994] 1 MLJ 32 (refd)

Erven Warnink Besloten Vennootschap v J Townend & Sons (Hull) Ltd [1979] AC 731 (refd)

Future Enterprise Pte Ltd v Tong Seng Produce Pte Ltd [1998] 1 SLR 1012
G (refd)

Hai-O Enterprise Bhd v Nguang Chan @ Nguang Chan (a firm, intervening) [1992] 4 CLJ 1985 (refd)

Lifestyle 1.99 Pte Ltd v S$1.99 Pte Ltd (T/A One.99 Shop) [2000] 2 SLR 766 (refd)
H

Lim Yew Sing v Hummel International Sports & Leisure A/S [1996] 3 MLJ 7 (folld)

Nation Fittings (M) Sdn Bhd v Oystertec Plc and Another Suit [2005] SGHC 225 [2006] 1 SLR 712 (folld)

I *RH Macy & Co Inc v Trade Accents* [1992] 1 SLR 581 (refd)

Reckitt & Colman Products Ltd v Borden Inc [1990] RPC 341 (refd)

Star Industrial Co Ltd v Yap Kwee Kor [1976] FSR 256 (refd)

Yunnan Baiyao Group Co Ltd (formerly known as Yunnan Baiyao Industrial Co Ltd) v Tong Jum Chew Pte Ltd & Anor [2003] 1 SLR 62 (refd)

Legislation referred to

Trade Marks Act 1976 ss 3, 19(3), 25, 25(1), 25(2), 25(3), 25(4), 25(5), 82(2)

Appeal from: Originating Summons No D1–24–41 of 1993 (High Court, Kuala Lumpur)

SF Wong (CS Indran with him) (Foo Teo & Associates) for the appellant.
Ambiga Sreenaresan (Wee Choo Keong, Gan Chin Ang and Gan Chia Hui with her) (Wee Choo Keong & Faaiz) for the respondent.

Richard Malanjum JCA (now CJ (Sabah & Sarawak) delivering judgment of the court):

INTRODUCTION

[1] There are two matters before us. One is an appeal by the appellant (first defendant in the High Court) and the other is a cross-appeal by the respondents (plaintiffs in the High Court). For the purpose of this judgment we will address them as the first defendant and the plaintiffs or the first and second plaintiffs respectively. Both matters are directed wholly against the judgment of the High Court dated 19 August 1998 ('the judgment').

FACTS OF THE CASE

[2] The first plaintiff is a company established in Japan since 1885 and involves in varieties of businesses including the manufacturing and sale of varieties of foods including biscuits, cakes and pastries and other food products and liquor.

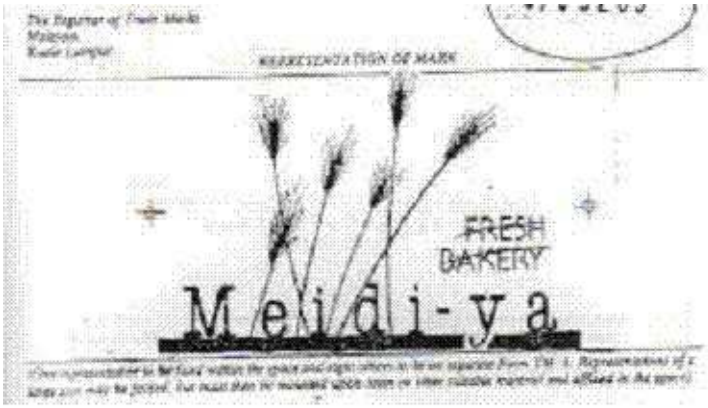
[3] The second plaintiff was incorporated in Malaysia on 23 November 1987 and is a subsidiary of the first plaintiff.

[4] The first defendant is a company doing business in Kuala Lumpur and engaged in, inter alia, the manufacture, sale and distribution of bread, cakes and other confectionaries since late 1986.

[5] The first defendant uses the trademark 'Meidi-ya FRESH BAKERY' together with the logo of stalks of wheat being blown in the wind on its goods.

[6] By its application dated 8 December 1986 bearing No 86/05265 (exh D47) the first defendant applied to the Registrar of Trade Marks

Malaysia ('the Registrar') for the registration under class 30 as its own of a trademark and trade name 'Meidy-ya FRESH BAKERY' together with the logo as shown herein:



Note that beside the presence of stalks of wheat being blown in the wind there is also the usage of the alphabets in small letters for 'Meidi-ya' while it is in capital letters for 'FRESH BAKERY'.

[7] On 24 November 1987 and 11 December 1987 the second plaintiff filed several of its applications under different classes of which the relevant ones for the purpose of this judgment are those bearing Nos 87/05653 under class 29 (exh 46A and P15), 87/05656 under class 30 (exh 46C), 87/05659 under class 32 (exh P13) and 87/05937 under class 30 (exh P17) with the with the Registrar for the registration as its own a trademark 'MEIDA-YA', but without the stalks of wheat, in romanised alphabets as well as in Kanji characters. Except for No 87/05937 (exh P17) the trademark for the others are identical and as shown herein both in romanised and Kanji character:

Note the words are in capital letters without the presence of the words 'Fresh Bakery' and the absence of stalks of wheat being blown in the wind.

For exh P17 which is also under class 30 the trademark is thus:

Note the letters in capital letters with the words 'FRESH BAKERY' added in but without the stalks of wheat being blown in the wind.

[8] In term of time the application of the first defendant came in first.

[9] Obvious to him that there were competing applications, the Registrar issued a direction dated 15 September 1992 pursuant to s 19(3) of the Trade Marks Act 1976 ('the Act') (then s 19(2) in the unamended Act) effectively directing the parties to come before the court for determination of the competing rights.

[10] It is to be noted that only the application for trade mark and trade name by the second plaintiff was in competition with that of the first defendant.

[11] However, in its originating summons filed in connection with the direction of the Registrar the first plaintiff was not only included as a party but a claim for passing off against the first defendant was also added.

[12] The originating summons was subsequently converted to a writ action by an earlier order of the court.

A AT THE HIGH COURT

[13] The issues before the High Court were thus in two folds, namely:

(i) the priority of right to file and register the trademark as applied; and

B (ii) passing off.

[14] At the conclusion of the hearing the learned trial judge made certain findings of fact, inter alia:

C (iii) that the first plaintiff had been a long user of the Meidi-ya trademark and trade name together with the distinctive logo in the form of the Kanji characters in Japan as well as in other parts of the world; and

(iv) that the first defendant decided to open up its bakery and confectionery business in Malaysia and for this purpose it formed Meidi (M) Sdn Bhd.

D

[15] The learned trial judge declined to accept the explanation given for the first defendant on how it came to use the name of Meidi-ya as its trademark and name. The learned trial judge found it difficult to accept the evidence of the first subscriber of the first defendant who said that he based his choice of the name of Meidi-ya because of its resemblance to his father's name.

E

[16] In considering the orders the court should make in relation to the claim and counterclaim, the learned trial judge noted that the plaintiffs took considerable period of time in applying for their trade mark and trade name to be registered locally despite having become aware of the first defendant's business. In the meantime the first defendant had expended sums of money and expanded its business resulting in a thriving business.

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[17] Having considered the above, the learned trial judge thus made the following orders substituting the original prayers sought by the parties (verbatim):

H (1) In relation to the plaintiffs' claim, subject to the declarations and order hereunder in respect of prayers (a), (b)(i) and (b)(ii)(A) in respect of the first defendant's counterclaim, there shall be:

(a) a declaration that the first defendant's application No 86/05265 for registration of the trademark as specifically reproduced therein shall not be registered as a trademark as so reproduced as the use of it is likely to deceive or cause confusion to the public and is accordingly prohibited under s 14(a) of the Trade Marks Act 1976;

I

(b) a declaration that the second plaintiff's application Nos 87/05653, 87/05655, 87/05656, 87/05658, 87/05659 and 87/05661 with the name and trademark 'MEIDI-YA' in romanised alphabets and in kanji characters, and with the addition thereto of the distinctive Meidi-ya logo, belong to the plaintiffs, and the plaintiffs, through the second plaintiff, are the lawful claimants entitled to file for registration of the said trade name, trademark and logo under s 25 of the Trade Marks Act 1976;

(c) an order directed to the second defendant, the Registrar of the Trade Marks Malaysia, to forthwith proceed with the processing of the second plaintiff's application Nos 87/05653, 87/05655, 87/05656, 87/05658, 87/05659 and 87/05661 and thereafter, subject to there being no formal opposition thereto and satisfaction of all other requirements and conditions for registration, to grant the second plaintiff the registration certificates therefor.

(2) In relation to the first defendant's counterclaim, subject to the declarations and order in respect of the plaintiff's claim, there shall be:

(a) a declaration that the second plaintiff's application No 87/05937 for the registration of the trademark as specifically reproduced therein shall not be registered as a trade mark as so reproduced as the use of it is likely to deceive or cause confusion to the public and is accordingly prohibited under s 14(a) of the Trade Marks Act 1976;

(b) a declaration that the name and trademark 'Meidi FRESH BAKERY' or, at the election of the first defendant, 'Meidi (M) FRESH BAKERY' together with the logo/design depicting stalks of wheat being blown in the wind belong to the first defendant and that the first defendant is the lawful claimant entitled to file for registration of the said trade name and trademark and companying logo/design under s 25 of the Trade Marks Act 1976;

(c) an order directed to the second defendant, the Registrar of Trade Marks Malaysia, to forthwith proceed with the processing of the first defendant's application No 86/05265 as amended/modified above and thereafter, subject to there being no formal opposition thereto and satisfaction of all other requirements and conditions for registration, to grant the first defendant the registration certificate therefor.

(3) Each party shall bear its own costs.

(4) The parties shall be at liberty to apply to give effects to the declarations and orders made herein.

[18] In effect therefore the learned trial judge allowed the registration of D47 as the trademark and trade name of the first defendant but with modification as stipulated in the Order which is the prohibition on the first defendant to use the word or mark of '-Ya' after the word 'Meidi' but allowed the addition of the words 'FRESH BAKERY' thereto together with the log/design depicting stalks of wheat being blown in the wind. At the same time he disallowed the second plaintiff from registering exh P17 which proposed the words 'MEIDI-YA FRESH BAKERY' as its trademark. He did not make any specific ruling on the claim for passing off.

[19] It is also to be noted that the application by the first defendant proposing a trademark of 'Meidi-ya FRESH BAKERY' together with the log/design depicting stalks of wheat being blown in the wind is confined only to class 30 and limited to products such as bread, pastries, cakes, and confectionary, packed food and all goods falling under that class while the application by the second plaintiff (No 87/05656) under the same class is proposing a trademark depicting only the word 'MEIDI-YA'.

BEFORE THE COURT OF APPEAL

[20] Dissatisfied with the orders made by the learned trial judge the first defendant appealed to this court. The plaintiffs cross-appealed.

[21] We heard the submissions of learned counsel for the parties. Having deliberated on the submissions we were unanimous in our decision to order as follows (verbatim):

A.

(1) In respect of the appeal vis-à-vis the judgment we allow the appeal against the order 1(a) in that it is set aside. We also allow the appeal against the order 2(b) in that it is wholly deleted and substitute therefore with the following, to read:

> a declaration that the name and trade mark 'Meidi-ya' together with the accompanying words 'FRESH BAKERY' and the logo/design depicting stalks of wheat being blown in the wind as per the first defendant's application No. 86/05265 belong to the first defendant and that the first defendant is the lawful claimant entitled to file for registration of the said trade name and trade mark and accompanying logo/design under s 25 of the Trade Marks Act 1976';

Accordingly we also allow the appeal against the Order 2(c) to the extent that the first defendant's application No 86/05265 is to remain unamended for consideration.

(2) The first defendant's appeal against order 1(b) and (c) is dismissed. In effect we affirm order 1(b) and (c) except for a minor correction of the name and trade mark 'Meidi-ya' to be written in bold capital letters as in the respective applications.

(3) Order 2(a) is also affirmed.

B.

(1) In respect of the cross-appeal by the plaintiffs we dismiss it.

C. Each party is to pay its own costs here and below.

D. Deposits paid to be refunded to the respective parties

[22] In other words the main difference between our decision and that of the learned trial judge is that we allowed the application No 86/05265 by the first defendant (exh D47) to be considered for registration as its trademark and trade name by the Registrar without the modification as ordered by the learned trial judge. And except for the minor correction requiring the letters to be in bold capital for the word 'MEIDI-YA' we agreed with the other orders made by the learned trial judge.

[23] We now give the reasons for our decision and we begin by making reference to the relevant provisions in the Act.

[24] Section 3 of the Act defines 'trade mark' to mean:

'except in relation to Part XI, a mark used or proposed to be used in relation to goods or services for the purpose of indicating or so as to indicate a connection in the course of trade between the goods or services and a person having the right either as proprietor or as registered user to use the mark whether with or without an indication of the identity of that person, and means, in relation to Part XI, a mark registrable or registered under the said Part XI'.

[25] And sub-s 19(3) of the Act reads:

(3) Where separate applications are made by different persons to be registered as proprietors respectively of trade marks which are identical or so nearly resembling each other as are likely to deceive or cause confusion and —

(a) such applications are in respect of the same goods or description of goods; or

A (b) at least one of such applications is in respect of goods and the other or others is or are in respect of services closely related to those goods,

the Registrar may refuse to register any of them until their rights have been determined by the Court or have been settled by agreement in a manner approved by him or by the Court.

B

[26] Whereas s 25(1) to (5) provides:

(1) Any person claiming to be the proprietor of a trade mark used or C proposed to be used by him may make application to the Registrar for the registration of that mark in the Register in the prescribed manner.

(2) An application shall not be made in respect of goods or services comprised in more than one class.

D (3) Subject to the provisions of this Act, the Registrar may refuse the application or may accept it absolutely or subject to such conditions, amendments, modifications or limitations, if any, as he may think right to impose.

E (4) In the case of refusal or conditional acceptance the Registrar shall, if required by the applicant, state in writing the grounds of his decision and the material used by him in arriving at the same.

(5) A decision of the Registrar under subsection (3) is subject to appeal to the Court.

F

[27] Basically the core of the contention advanced before us for the first defendant is that the first defendant was the first in time to use the trademark and trade name in Malaysia. It was submitted that the first defendant started G to use the trade mark and name as early as 1986 when the second plaintiff was not even incorporated. It was for the second plaintiff to adduce evidence of its first to use the trademark in Malaysia. The fact that the first plaintiff might have used the same trademark in Japan and elsewhere would not affect the application by the first defendant as the Act is territorial in its application. H The case of *Lim Yew Sing v Hummel International Sports & Leisure A/S* [1996] 3 MLJ 7 was cited in support.

[28] It was also submitted that since the first defendant had the first use of the trade mark in Malaysia the plaintiffs should not have the concurrent I usage of the same trade mark. And being the first in filing for registration of trademark as well as having the prior use of the trademark the Malaysian public has associated it with the first defendant. Usage by the first defendant would not result in confusion and deception. What should be considered should be the mark only as reproduced without any Kanji character. Indeed

the prior usage of the trademark by the first defendant entitled it to claim its proprietorship under s 25 of the Act. Meanwhile the plaintiffs failed to adduce any cogent evidence of their use of the trademarks in relation to the goods of interest including bread and pastry in Malaysia before the use by the first defendant in 1986.

[29] It was also argued that the first plaintiff was not the applicant for the trademark and the second plaintiff failed to adduce any evidence that it was an importer of the goods of the first plaintiff at any time on or before 8 December 1986. Further, it was submitted that if the second plaintiff was merely an importer of the first plaintiff as alleged, the first plaintiff should be the proper applicant for the plaintiffs' trademark applications and not the second plaintiff. Here learned counsel appeared to be highlighting the provision in sub-s 19(3) of the Act.

[30] In respect of the claim for passing off learned counsel for the first defendant submitted that the relevant date should be 8 December 1986. He contended that unless the second plaintiff could show that it was the first user as at 8 December 1986 or that the cause of action for passing off existed on or before that date, the claim of passing off against the first defendant would be a non-starter.

[31] The first learned counsel for the plaintiffs agreed with the first user principle of law in trademark dispute. However she submitted that the first plaintiff is the rightful owner of the trademark in issue and entitled to commence action for passing off. Notwithstanding, learned counsel conceded the need to show first user in Malaysia in order to succeed. Reference was then made that there was no challenge by the first defendant to the evidential assertion by the plaintiffs that the trademark was already in use in Malaysia in 1982. Learned counsel insisted that the evidence showed of the availability of customers, small in number it might have been but sufficient in law, of the first plaintiff in Malaysia even before 1986. The cases of *RH Macy & Co Inc v Trade Accents* [1992] 1 SLR 581; *Compagnie General Des Eaux v Compagnie Generale Des Eaux Sdn Bhd* [1993] 1 MLJ 55 were cited. And it was contended that to allow the application by the first defendant would create confusion in the mind of customers since its proposed trademark would not be distinguishable from that of the plaintiff's.

[32] In response to the argument that the second plaintiff was not the proper party to make the application, learned counsel for the plaintiffs contended that substitution of party could be made since the plaintiffs are in trust situation. And on the reason for the delay in taking action learned counsel said that the sequence of events should be considered.

A **[33]** The second learned counsel for the plaintiffs submitted that the structure of the first defendant should be taken into account. He said that it was Japanese controlled and the use of its purported trademark was obviously to misappropriate and take advantage of the reputation and goodwill of the trademark and trade name of the first plaintiff in Japan so as to lure the
B Japanese customers in Malaysia.

[34] Now, sub-s 19(3) of the Act is concerned where:

C separate applications are made by different persons to be registered as proprietors respectively of trade marks which are identical or so nearly resembling each other as are likely to deceive or cause confusion and:

(a) such applications are in respect of the same goods or description of goods;...

D

[35] Hence, the object of sub-s (3) may be described as a filtering procedure to prevent deception or confusion to customers on similar goods or description of goods in relation to identical or nearly resembling
E trademarks.

[36] In his oral ground of judgment the learned trial judge found that the first plaintiff was a long user of the Meidi-ya trademark and trade name together with the distinctive logo in the form of Kanji characters in Japan and
F other parts of the world.

[37] However, the learned trial judge did not make any specific finding on the usage of the trademark and trade name in Malaysia on or before 1986 although he had the advantage of hearing the various oral testimonies of
G witnesses called by both sides in addition to the documentary evidence produced before him.

[38] Hence, the logical and reasonable conclusion is that he was not
H convinced with and declined to accept any of the evidence on the usage of the trademark and trade name by the first plaintiff in Malaysia on or before 1986.

[39] In other words there was therefore no finding of first user of the trade mark and trade name by the plaintiffs in Malaysia on or before 8 December
I 1986.

[40] Meanwhile it is not in dispute that it was in late 1986 that the first defendant began to use its trademark and trade name which involved the use of the words 'meidi-ya' and that it filed its application for registration of its

trademark and trade name with the Registrar on 8 December 1986. The second plaintiff only filed in its applications on 24 November 1987 and 11 December 1987.

[41] On our part and in view of the absence of specific and clear finding by the learned trial judge on the first user issue we proceeded therefore to peruse the evidence made available to the learned trial judge.

[42] With respect, we are of the view that the plaintiffs failed to show that it was the first user of the trademark and trade name in Malaysia on or before 1986 (the material date). In the same way as probably the learned trial judge was not convinced on the balance of probability of the evidence adduced by the plaintiffs on first user claim we are equally not persuaded that the plaintiffs had made out their case up to the standard of proof required. The fact that the same was used in Japan and in other parts of the world is immaterial for 'trademark law is very territorial in many aspects' (see *Lim Yew Sing v Hummel International Sports & Leisure A/S*.

[43] It was subtly submitted that since the first defendant was controlled by Japanese at the material time it was motivated to make profit by riding on the reputation and goodwill of the established trademark and trade name of the first plaintiff in Japan and elsewhere.

[44] With respect, we think such submission is misconceived. Since the second plaintiff failed to prove first user, motive then is an irrelevant consideration to determine who has the right to apply for the ownership of the trademark and trade name in Malaysia (see *Lim Yew Sing v Hummel International Sports & Leisure A/S* .

[45] Indeed from the evidence adduced it is not in dispute that the second plaintiff was only incorporated on 23 November 1987 which means that it was not even in existence when the first defendant began to use its trademark and trade name in late 1986. Further, it was not in contention that the second plaintiff was just the subsidiary of the first plaintiff.

[46] Hence, at best the second plaintiff would have been just an importer of the goods of the first plaintiff thereby depriving it of the right per se to claim ownership of the trade mark and trade name. 'Generally speaking it is the manufacturer of goods who is entitled to be registered as the owner of any mark he attaches to identify his goods, not the person who imports these goods into this country' (see *Hai-O Enterprise Bhd v Nguang Chan @ Nguang Chan (a firm, intervening)* [1992] 4 CLJ 1985).

A **[47]** Accordingly for the foregoing reasons we find no basis to deprive the first defendant of its right to apply to have its trade mark and trade name as reproduced in its application No 86/05265 (exh D47) it being the first user of such trademark and trade name in Malaysia.

B **[48]** However, the foregoing conclusion does not end the matter. The plaintiffs also claimed against the first defendant for the tort of passing off. In turn the first defendant counterclaimed against the plaintiffs premised on the same tort.

C **[49]** Before us learned counsel for the parties were unanimous in their complaint that the learned trial judge failed to address and consider the claim and counterclaim of passing off. It was submitted that a positive finding for one party be it on the claim or counterclaim would have had a bearing on the right to apply for the registration by the losing party. Indeed learned counsel **D** for the first defendant made it clear that unless the plaintiffs could show first user or the cause of action for passing off that would be the end of their case.

[50] Now, s 82(2) of the Act preserves 'the right of action against any **E** person for passing off goods or services as those of another person or the remedies in respect thereof'.

[51] We have already outlined hereinabove the basic contentions advanced by learned counsel for the plaintiffs on the issue of passing off. The thrust of **F** the argument is that the use by the first defendant of its trademark and trade name as reproduced would cause confusion to the customers of the plaintiffs especially the Japanese customers who might think that they are purchasing the goods of the first plaintiff when in fact they are not. Several cases were cited in support of the submission (see *Dun & Bradstreet (Singapore) Pte Ltd* **G** *& Anor v Dun & Bradstreet (Malaysia) Sdn Bhd* [1994] 1 MLJ 32).

[52] In response to this claim learned counsel for the first defendant submitted that in the present case the relevant date should be 8 December 1986, (see *Cadbury Schweppes Pty Ltd & Ors v Pub Squash Co Pty Ltd* [1981] **H** 1 All ER 213), in that for the plaintiffs to succeed they must show, being the legal burden of proof with them, that they had the cause of action for passing off at that time, that is, the date of commencement of the conduct complained of. In turn of course for the counterclaim the legal burden of proof lies with the first defendant.

I

[53] It was also contended for the first defendant that at the time of first use of the trade mark in Malaysia the plaintiffs failed to show that they were also using the same or similar trademark in Malaysia. As such the plaintiffs could not claim any goodwill and reputation at the material time. Any

confusion arising on the use of the trademark must therefore be due to the use by the plaintiffs and not by the first defendant. Learned counsel said that insofar 'as the Malaysian public is concerned, the trademark Meidi-ya (in various derivations) is associated exclusively with' the first defendant and no other.

[54] Now, the tort of passing off is 'the civil wrong of attempting to mislead the public into thinking that the defendant's product is in fact a product of the plaintiff. But by itself, this is of no advantage unless the plaintiff's product enjoys a goodwill that the defendants may benefit from the passing off' (see *Yunnan Baiyao Group Co Ltd (formerly known as Yunnan Baiyao Industrial Co Ltd) v Tong Jum Chew Pte Ltd & Anor* [2003] 1 SLR 62).

[55] Further, the tort of passing off protects the goodwill of the business in which trademark or trade name is used and not the trademark or trade name itself (see *Star Industrial Co Ltd v Yap Kwee Kor* [1976] FSR 256 (PC)).

[56] As for the elements of the tort of passing off the Singapore case of *Nation Fittings (M) Sdn Bhd v Oystertec Plc and Another Suit* [2005] SGHC 225 [2006] 1 SLR 712 has succinctly described them in these words:

> In order to succeed in its action for passing off, the plaintiff has to prove the following (cumulative) elements:
>
> (a) that there must have been goodwill or business belonging to the plaintiff (some cases used the phrase 'goodwill and reputation' (see *Reckitt & Colman Products Ltd v Borden Inc* [1990] 1 WLR 491]);
>
> (b) that there had been a misrepresentation by the defendants in the course of trade to either prospective or ultimate customers; and
>
> (c) that damage has resulted (or that the likelihood of damage will arise as a result).

(See also *Erven Warnink Besloten Vennootschap v J Townend & Sons (Hull) Ltd* [1979] AC 731).

[57] Hence, the question to ask is whether the elements of passing off have been satisfied by the respective parties to justify their claim or counterclaim based on the evidence adduced.

[58] We deal first with the claim by the plaintiffs. To do so requires some discussion on the basic legal principles relating to those stated elements of passing off.

A **[59]** But before proceeding we are of the view that even on the first element of passing off the plaintiffs had difficulty in establishing it. This is because we have concluded earlier on that in Malaysia the plaintiffs were not the first user of the trademark and trade name in issue at the material time.

B **[60]** Moreover, the evidence adduced by the plaintiffs could not be said to have been sufficient basis for the court to find the element of goodwill and reputation connected to the product of the plaintiffs. Indeed goodwill is generally related to trading activities being part and parcel of it. The plaintiffs
C failed to show goodwill of their business product in Malaysia at the material time.

[61] Reference was made to some business companies allegedly dealing with the products of the first plaintiff even before the material date. However
D the evidence showed that these companies commenced business in Malaysia after the material date.

[62] Hence, the only alternative upon which the plaintiffs may rely on is goodwill and reputation abroad since from the evidence adduced the learned
E trial judge found that the first plaintiff has been a long user of the trade mark and trade name in Japan and in other parts of the world.

[63] It is trite law that the burden is on the party making the claim to
F establish not a reputation in the trademark or trade name itself but a goodwill or reputation connected to the business in which it is engaged by association with the trademark or trade name.

[64] And in the tort of passing off goodwill is territorial in scope while
G reputation as generally understood thereof requires 'some form of business in the territory in question'.

[65] Further, goodwill is a legal property capable of being protected whilst
H reputation remains a question of fact.

[66] Hence, a business with goodwill would have reputation yet its quantum remains a matter of degree.

I **[67]** On the other hand 'existence of reputation associated with a name, product or mark does not necessarily imply the existence of goodwill'.

[68] In fact the goodwill acquired by a product internationally need not necessarily contribute to its goodwill existing in a particular territory where

the claim of passing off is made (see *Future Enterprise Pte Ltd v Tong Seng Produce Pte Ltd* [1998] 1 SLR 1012; *Anheuser Busch Inc v Budejovicky Budvar NP* [1984] FSR 413).

[69] Thus, for instance, if damage to goodwill were only suffered abroad the tort of passing off cannot be said to have been completed in Malaysia. The solution would be to sue in Malaysia for passing off under the laws of that country where the damage to the goodwill occurred.

[70] In the present case however such probability could not arise since the plaintiffs did not frame their claim in such a way. Neither did the plaintiffs aver that the alleged tortious conduct of the first defendant if committed abroad would equally have been actionable in Malaysia.

[71] Notwithstanding, the first plaintiff might still be able to circumvent the hurdle to prove goodwill and reputation if it can show distinctiveness of its goods in Malaysia. 'Distinctive' is of course 'a term of art in the law of passing off and bears a meaning at variance with that in everyday use. In relation to a name or mark, it denotes the goods of the plaintiffs to the exclusion of other traders' (see *Lifestyle 1.99 Pte Ltd v S$1.99 Pte Ltd (T/A One.99 Shop)* [2000] 2 SLR 766). However there can be no distinctiveness without business especially when the trademark claimed is merely a descriptive word as opposed to fancy name. In the present case there was no evidence adduced that at the material date the first plaintiff was doing business in Malaysia using the trademark or trade name now in issue.

[72] Thus, in the final analysis, goodwill and business or reputation, being a component of passing off, eluded the plaintiffs as well.

[73] Since even the first element of passing off has not been established by the plaintiffs we need not go any further. But in the event that we are wrong we thus address the next element of passing off, namely, misrepresentation.

[74] 'The test in determining if there will be misrepresentation in a quia timet action was whether there was a real risk that the defendant's representation would have deceived a substantial number of persons of the relevant section of the public into believing either that the goods or services of the defendant were those of the plaintiff or that there was a business connection between the plaintiff and the defendant in relation to the goods or services provided by them' (see *AG Spalding & Bros v AW Gamage Ltd* (1915) 32 RPC 237).

[75] In the present case it is the contention of the plaintiffs that the word 'Meidi-ya' has been associated with the first plaintiff for a long time. Hence,

any use of the word would likely to cause confusion and deception on their customers. However, in our view that may be right in Japan and elsewhere but not in Malaysia.

[76] We would think that the term used by the first defendant, namely, 'Meidi-ya FRESH BAKERY' should be read and considered as a whole. If that is done the likelihood of confusion and deception should not arise. We find similarity in this case to that of the Canadian case where the court did not find the necessity to continue the ex parte injunction given to the plaintiff which used the words 'Kopy Kwik Printing' for its copying and duplicating business to restrain the defendant from using the words 'Kwik-Kopy Printing' (see *Ancona Printing Ltd v Kwik-Kopy Corp* [1973] CPR (2d) 122).

[77] Accordingly, we do not think the plaintiffs have adduced sufficient evidence to establish the element of misrepresentation.

[78] Next is on issue of damage. Damage is a critical element in an action for passing off. In the absence of damage, the action cannot succeed. And likelihood of damage due to confusion is sufficient for an action for passing off (see *Reckitt & Colman Products Ltd v Borden Inc* [1990] RPC 341). However, since in this case the plaintiffs could not even establish the first two elements of passing off there is therefore no necessity for us to deal with the third element.

[79] For the above reasons we hold that the plaintiffs failed to establish their claim for passing off against the first defendant.

[80] The first defendant in its counterclaim also pleaded passing off against the plaintiffs. But in submission before us that point was not given much emphasis. Anyway, we do not think there is much to argue that in Malaysia it was the first defendant which had the first use of the trademark and trade name in issue.

[81] Hence, in respect of its claim for passing off against the plaintiffs we find that not much evidence was adduced by the first defendant on the essential elements to substantiate its claim. At any rate in view of our suggested approach to the trademark and trade name of 'Meidi-ya FRESH BAKERY' as used by the first defendant, that is, to read and give effect to it as a whole instead of just and only the word 'Meidi-ya', the question of misrepresentation, confusion or deception should not arise.

[82] Accordingly we also find that the first defendant failed to establish its claim for passing off against the plaintiffs.

[83] In conclusion we therefore say this. We allow the appeal by the first defendant against the order of the learned trial judge prohibiting it from using exh. D47 in exercise of its right to apply for registration of its trademark and trade name pursuant to s 25 of the Act simply because the evidence adduced supported, on the balance of probability, the finding that it was the first user of the name 'Meidi-ya FRESH BAKERY' with the logo of stalks of wheat being blown in the wind in Malaysia.

[84] And for the reason above we affirm the decision of the learned trial judge to disallow the second plaintiff from using the trade mark and trade name as indicated in exh P17 when exercising its right to apply for registration under the Act.

[85] As regards the other applications of the plaintiffs which the learned trial judge allowed to be used we affirm that order

[86] We find no merit in the objection by the first defendant for the second plaintiff to use such trademark and trade name since it only involves the use of the word 'Meidi-ya' without the word 'FRESH BAKERY' and the stalks of wheat being blown in the wind. Further, they are applied in different classes under the Act. Thus, in our view there are more than sufficient distinguishing features between the two trademarks and trade names.

[87] More so when the first defendant is not using the Kanji character in its trademark and trade name. We do not think deception and confusion as envisaged in s 19(3) of the Act could arise in this case.

[88] Accordingly we hereby order as we did when we made our decision on 28 October 2005.

First defendant's appeal allowed against the part prohibition of D47. High Court's decision in disallowing the second plaintiff's registration of P17 affirmed.

Reported by Andrew Christopher Simon